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September 14, 2012

Docket Control
Arizona Corporation Commission
1200 W Washington
Phoenix, AZ 85007

RE: 2012 Biennial Transmission Assessment – Docket No. E-00000D-11-0017

Dear Sir/Madam:

The Interstate Renewable Energy Council, Inc. (IREC), appreciates the opportunity to comment on the second draft of the Staff Report for the Seventh Biennial Electric Transmission Assessment Report.

Please feel free to contact me at (602) 388-4640 if you have any questions.

Sincerely,

Giancarlo Estrada

Arizona Corporation Commission
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Attachment

cc: Margaret Little, ACC Staff (via email)
Prem Bahl, ACC Staff (via email)
David Korinek, KEMA Consulting (via email)

IREC Comments on
2nd Draft of Seventh BTA Report

Submitted September 14, 2012

Pages ix - x

Comment

In Conclusions 8 and 10 (page ix), Staff and KEMA noted the need for coordination on multi-state seams issues yet the recommendations do not suggest any opportunities for enhancing coordination. Likewise, the Commission directed report¹, *Enhancing Arizona's Ability to Export Renewable Energy*, identified significant issues related to coordination of policies between states, specifically between Arizona and California.

This issue should be better addressed, particularly in light of the April 2012 joint Federal Energy Regulatory Commission (FERC) / North American Electric Reliability Corporation (NERC) report on Arizona-Southern California Outages on September 8, 2011 which similarly identified coordination issues between entities with respect to study efforts.²

Recommendation

FERC Order 1000 presents an opportunity for coordinated planning, however, more robust efforts should be made to ensure that the coordination problems identified by Staff/KEMA and FERC/NERC are addressed.

Arizona transmission owners should undertake formal, regular and coordinated study efforts between Arizona, California and other neighboring states. Studies undertaken through the California Transmission Planning Group (CTPG) or other planning bodies should be jointly undertaken in Arizona and California to better understand system impacts across state boundaries. The BTA should ask participants to specifically address coordination beyond that contemplated in Order 1000 and efforts for improvement, which may well include participation by Arizona entities in neighboring transmission planning bodies.

The coordination issue should be addressed within the context of this BTA and future BTAs to identify the specific coordinated activities that are planned or have taken place.

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Comment

Decision 72031 directed jurisdictional utilities to "include the effects of distributed renewable generation and energy efficiency programs on future transmission expansion needs..." This issue was raised in Workshop I and participants indicated that it was accounted for in demand forecasts.

¹ Pursuant to Decision 72031.

² Joint FERC/NERC Report, Page 6.

Submitted 10 year plans and technical studies acknowledge consideration of these effects but do not detail specific impacts.

Recommendation

Impacts from renewable generation and energy efficiency should be more explicitly called out, whether as an identified percentage impact to load forecasts or as drivers for specific transmission upgrades or needs. Current cost trends for self-generation and presumed adoption suggest greater likelihoods of impacts to transmission planning particularly for projects in out years. Given the large uncertainties involved in accounting for renewable costs, incentives, and other assumptions, greater detail on how these issues were considered, incorporated and the assumptions used need to be addressed.